AMENDED IN SENATE JUNE 26, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL No. 1110

Introduced by Assembly Member Fuentes

February 27, 2009

An act to ~~amend Section 216.6 of~~ *add Section 379.8 to* the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1110, as amended, Fuentes. ~~Cogeneration.~~*Advanced electrical distributed generation technology.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The existing definition of an electrical corporation excludes a corporation or person employing cogeneration, as defined, technology or producing electricity from other than a conventional power source for certain purposes. *Existing law states that it is the policy of the state to encourage and support the development of cogeneration as an efficient, environmentally beneficial, competitive energy resource that will enhance the reliability of local generation supply, and promote local business growth. Existing law places certain limitations upon gas rates and surcharges charged cogenerators. Existing law prohibits placing alternative fuel capability requirements upon gas customers that use gas for purposes of cogeneration.*

This bill would ~~revise the existing definition of cogeneration where the use of thermal energy follows the generation of electricity, to allow technologies that utilize thermal energy internally to increase overall electrical efficiency to not less than 40% high heat value, as established by the commission~~ *authorize the commission and the State Air Resources*

Board to treat advanced electrical distributed generation technology, as defined, as cogeneration, and would make certain existing limitations upon gas rates and surcharges charged cogenerators applicable to an advanced electrical distributed generation technology. The bill would make the prohibition upon placing alternative fuel capability requirements upon gas customers that use gas for purposes of cogeneration applicable to a generator using advanced electrical distributed generation technology.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) California has adopted a set of aggressive policies, including the California Global Warming Solutions Act of 2006, to reduce the state's contribution to global warming.

(b) To meet the emission reduction goals set forth by the State Air Resources Board and other agencies, the state will need to invest in, and aid the deployment of, new energy efficiency programs, new electricity transmission and development programs, as well as new clean and efficient technologies.

(c) The development of advanced electrical distributed generation technology is an emerging clean technology that can meet the state's electricity needs while providing climate change and air quality benefits.

(d) Current state policies that provide incentives to specific electrical generation facilities that reduce emissions of greenhouse gases while not providing similar incentives to other ultraclean generation facilities may hinder the ability of the state to meet the goals of the California Global Warming Solutions Act of 2006 by creating disincentives for customers to install the cleanest technologies available.

(e) It is the intent of the Legislature to define what are advanced electrical distributed generation technologies and to provide deployment incentives, including those incentives provided for cogeneration technologies.

SEC. 2. Section 379.8 is added to the Public Utilities Code, to read:

379.8. (a) As used in this section, "advanced electrical distributed generation technology" means any electric distributed generation technology that generates useful electricity and meets all of the following conditions:

(1) The emissions standards adopted by the State Air Resources Board pursuant to the distributed generation certification program requirements of Article 3 (commencing with Section 94200) of Subchapter 8 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations.

(2) Produces de minimus emissions of sulfur oxides and nitrogen oxides.

(3) Meets the greenhouse gases emission performance standard established by the commission pursuant to Section 8341.

(4) Has an electrical efficiency of 50 percent lower heating value or greater.

(5) Is sized to meet onsite demand.

(6) Is sized to meet the generator's onsite electrical demand.

(7) Has parallel operation to the electrical distribution grid.

(8) Utilizes renewable or nonrenewable fuel.

(b) (1) An advanced electrical distributed generation technology shall qualify for the rate established by the commission pursuant to Section 454.5.

(2) The limitation in subdivision (b) of Section 6352 upon the assessment of surcharges for gas used to generate electricity by a nonutility facility applies to an advanced electrical distributed generation technology.

(3) The limitation in Section 2773.5 upon imposing alternative fuel capability requirements upon gas customers that use gas for purposes of cogeneration applies to an advanced electrical distributed generation technology.

(c) The commission or State Air Resources Board may, in furtherance of the state's goals for achieving cost-effective reductions in emissions of greenhouse gases, meeting resource adequacy requirements, or meeting the renewables portfolio standard, treat advanced electrical distributed generation technology as cogeneration.

~~SECTION 1. Section 216.6 of the Public Utilities Code is amended to read:~~

~~216.6. "Cogeneration" means the sequential use of energy for the production of electrical and useful thermal energy. The~~

~~sequence can be thermal use followed by generation of electricity or the reverse, subject to the following standards:~~

~~(a) At least 5 percent of the facility's total annual energy output shall be in the form of useful thermal energy.~~

~~(b) Where useful thermal energy follows the generation of electricity, either of the following are true:~~

~~(1) The useful annual electrical output plus one-half the useful annual thermal energy output equals not less than 42.5 percent of any natural gas and oil energy input.~~

~~(2) The internal thermal use increases overall electrical efficiency to not less than 40 percent high heat value, as established by the commission.~~

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